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BUREAU OF LAND MANAGEMENT

Onshore Oil and Gas Performance Review

MAY 1995

Final Report

April 27, 1995

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U.S. Bureau of Land
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MANAGEMENT ONSHORE
OIL AND GAS
PERFORMANCE REVIEW

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EXECUTIVE SUMMARY

This final report covers the progress for the Bureau of Land Management Onshore Oil and Gas Performance Review (BPR). Late in 1993, the Bureau of Land Management (BLM) initiated an agency-wide performance review of its oil and gas program. This review culminated in the establishment of issue resolution teams and process review teams comprised of BLM staff and personnel from other federal agencies. These teams were chartered and asked to develop innovative changes to better BLM's ability to sustain the health, diversity and productivity of the public lands for the use and enjoyment of present and future generations. This report summarizes the results of those team efforts, and lays the foundation for policy makers to improve the existing oil and gas program.

Seven teams initiated by the BLM Director in June 1994. An eighth team was added in February 1995. The first seven teams included four Issue Resolution Teams (NEPA/Planning, Incentives, Bonding/Unfunded Liability, and Regulatory Review) and two Process Review Teams (Outreach and Interagency Coordination and Leasing Efficiencies). The seventh team is the Four Corners initiative established to resolve Native American issues related to oil and gas. It has been elevated to Departmental level and nominated as an official National Performance Review laboratory.

The Compliance Issue Resolution Team, referred to as the eighth initiative, is focusing on the manner in which BLM administers its compliance program for oil and gas. This team was formed late in the process with the intention of being completed after the BPR had concluded.

All teams were provided with the comments and concerns identified by the initial scoping efforts. The outreach efforts begun in late 1993 continued as the teams progressed. They actively sought collaborative involvement by the public. As the process matured, our partners from other agencies and the interested publics became more important. We continued to refine the ideas with the input we received.

Four teams completed their efforts during Phase II. They are the NEPA/Planning, Bonding/Unfunded Liability, Incentives, and the Outreach and Interagency Coordination teams. The issues identified for the Leasing Efficiencies Process Review Team are regulatory in nature and are being rolled into the Regulatory Review Issue Resolution Team effort. The regulatory review effort will conclude after all the other teams have completed their work, since all regulatory changes identified by each team will need to be consolidated.

This report summarizes the completed team reports, and combines the policy options from each of the four teams into a single document. What follows is a brief statement of each team's goals and objectives, a summary of each issue, and the actions needed for implementation. This report will be made available to all BLM field offices and to all individuals and groups currently listed in the BPR mailing list. There are currently over 800 individuals and groups listed.

INCENTIVES TEAM

The Incentives Team explored ways to encourage proper development of oil and gas resources and protection and improvement of ecosystems, which will reduce costs to industry through royalty relief, process streamlining, or technology transfer. This multi-agency team was charged with developing and recommending incentives for the petroleum industry operating on federal lands to:

- increase gas production
- reduce the decline in oil production
- improve performance in environmental protection and contribute to improving the health of ecosystems
- encourage the conservation of oil and gas resources
- perform remedial action on "orphan wells"
- enhance technology transfer in the above areas

All proposed incentives are designed to provide a benefit to encourage the desired outcomes, while at the same time protecting public interests.

INCENTIVES TEAM POLICY OPTIONS

Royalty Rate Reduction for High Cost Production. Reduce royalty rates for high cost operations such as wells with high water cut and for enhanced oil recovery operations.

Actions needed to implement:

1. Additional analysis is required to determine whether there are sufficient benefits to the public to implement this policy. This will require regulatory and possibly legislative changes.

Royalty Rate Reduction for Enhanced Recovery Projects. Reduce royalty rates on a project-specific basis to encourage new enhanced recovery projects that would not otherwise be undertaken.

Actions needed to implement:

1. Coordinate with MMS to work out procedures to apply multiple royalty rates to individual leases.
2. Coordinate with the Solicitor to ensure language of the directive meets the intent of this proposal.
3. Issue Instruction Memorandum to field offices.

INCENTIVES TEAM

Royalty Relief for Horizontal and Directional Wells and Multiple Wells from a Common Pad. Provide royalty relief on a well basis to encourage development of new oil and gas resources that cause minimal surface disturbance.

Actions needed to implement:

1. Coordinate with MMS to work out procedures to apply multiple royalty rates to individual leases.
2. Coordinate with the Solicitor to ensure language of the directive meets the intent of this proposal.
3. Issue Instruction Memorandum to field offices.

Royalty Relief for Wildcat and Deep Wells. Provide royalty relief for a specified period of time for any new federal "wildcat" well or deep drilling activities.

Actions needed to implement:

1. Coordinate with MMS to work out procedures to apply multiple royalty rates to individual leases.
2. Coordinate with the Solicitor to ensure language of the directive meets the intent of this proposal.
3. Issue Instruction Memorandum to field offices.

Eliminate Minimum Royalty Requirement for Stripper Wells. Suspend minimum royalty provisions on those leases qualifying for stripper well royalty rate reductions.

Actions needed to implement:

1. Additional analysis is required as part of the evaluation of the stripper well royalty reduction program. This will include a determination of whether to eliminate the minimum royalty requirement for stripper wells, and a determination of whether the current stripper well definition (15 barrels of oil per day) is in need of revision.

Simplified Production Pooling (Communitization). Eliminate the need for industry to submit a separate agreement package to pool federal interests.

Actions needed to implement:

1. Modify the regulations to remove redundant requirements.

INCENTIVES TEAM

Streamline Unitization Process. Streamline the unitization procedure to simplify the application process, reduce administrative uncertainties, provide flexibility to operators, and establish clear benefits in return for development.

Actions needed to implement:

1. Revise the unitization regulations found in 43 CFR Subpart 3180.

Bioremediation Policy. Develop a national policy to utilize bioremediation, where feasible, as a treatment method to reduce clean-up costs and prevent future liabilities.

Actions needed to implement:

1. The Colorado oil spill bioremediation program is expected to be a model for the Bureau, and may be completed as soon as mid-April, 1995. Once completed, this model can be adapted for use by other offices.
2. Issue nationwide instructions from BLM Headquarters on use of the Colorado model for adaptation in other states.

Environmental Compliance Self-Certification. Establish a pilot program to allow industry to self-certify environmental compliance. One or two operators with a good compliance record could volunteer for this pilot program. BLM can then concentrate on other duties (e.g., NEPA documents, planning).

Actions needed to implement:

1. Issue Instruction Memorandum to the Wyoming State Office to establish a one year pilot program in the Buffalo Resource Area to determine procedures and effectiveness of this proposal.
2. Wyoming will follow up with an analysis of the pilot program, and devise a policy that can be adapted in other offices.

Ecocredits. Offer rent/royalty relief or other credits to oil and gas companies for voluntarily exceeding environmental requirements, or undertaking or cooperating in ecosystem enhancement projects (e.g., habitat restoration) identified in land use plans.

Actions needed to implement:

1. Additional analysis is required to develop the proposals into implementable actions. Two proposals, the "Best Operating Practice Program" (BOPP) and the "Ecosystem Enhancement Program" (EEP) have been identified for further development.

INCENTIVES TEAM

Revise Policy on Development Contracts. Re-institute the use of Development Contracts. These contracts allow industry to exempt acreage in new exploratory areas from acreage holding limitations.

Actions needed to implement:

1. Issue Instruction Memorandum to provide clear policy direction on the use of development contracts.

BONDING AND UNFUNDED LIABILITY TEAM

Empirical data indicates a need for significant improvement in BLM's bonding policy and the way orphan wells are managed. There are over 300 wells on BLM and Forest Service lands to be abandoned with no accountable operator or sufficient bonds. There are about 6500 temporarily abandoned wells and about 11,000 shut-in wells, both categories of which could lead to more orphan wells. In the last 4 years, taxpayers paid $1.6 million to abandon 131 wells. There is a need to revise BLM's bonding policies and aggressively pursue orphan well abandonment when there is little chance for further production in order to:

- minimize liability to the taxpayer
- eliminate environmental and safety hazards to employees and the public

BONDING AND UNFUNDED LIABILITY POLICY OPTIONS

Recommendation #1 - Joint and Several Liability. When fractional interests are involved, apply the practice of "joint and several" liability. In other words, the operator, the bonded party, the record title holder and the operating rights owner, will all be liable for 100% of the costs regardless of their interests. However, BLM will first seek performance by the operator, then the bonded party, and then the remaining record title owner. BLM will pursue the operating rights owners only if the other parties do not comply. Under this principle the record title owner, even though he or she owned only 10% of the title, could end up paying the full amount owed to the United States.

Actions needed to implement:

1. Write an enforcement policy.
2. Revise the regulations to clear up the ambiguities that now exist.

Recommendation #2 - Joint and Several Liability. When there are no fractional interests involved, but there has been a 100% assignment of the record title, BLM will first pursue the party who failed to comply with the requirements of the lease terms. If the assignee had nothing to do with the failure to comply, the assignee will not be involved in the collection of damages by BLM.

Actions needed to implement:

1. Write an enforcement policy.
2. Revise the regulations to clear up the ambiguities that now exist.

BONDING AND UNFUNDED LIABILITY TEAM

Recommendation #3 - Revise Assignment Forms. Revise BLM's current assignment forms to clearly lay out the liability relationship between the assignor and the assignee. BIA is revising their forms now and we can use this as a model.

Actions needed to implement:

1. Coordinate with BIA.
2. Revise the assignment forms.

Recommendation #4 - Increase Minimum Bond Amounts. Increase individual bonds from $10,000 to $20,000 and statewide bonds from $25,000 to $75,000. Maintain $150,000 as the minimum nationwide bond.

Actions needed to implement:

1. Revise 43 CFR 3104.2 and 3104.3 to increase minimum bonds.
2. Revise BLM Handbook H-3104 to conform with regulatory change.

Recommendation #5 - Selective Increase in Bond Amounts. After 2 years in approved temporarily abandoned status, operators will agree to plug wells on a schedule acceptable to the field office, and either increase the bond in place by $2.00 per foot of depth per well, or agree to pay a yearly fee into a BLM managed account established to help offset the cost of abandoning orphan wells. This fee will be $100 per well, and will not be refundable.

Actions needed to implement:

1. Issue Instruction Memorandum to increase bonds on the basis of $2.00 per foot per well where the operator/lessee accepts that option.
2. Seek approval for and set up an account to accept and manage the $100 per well annual fee.

Recommendation #6 - Selective Increase in Bond Amount. Actively pursue and proceed in those cases where the information clearly demonstrates the need for bond increases. Review the MOU with other surface managing agencies to ensure they have input into this review.

Actions needed to implement:

1. Issue Instruction Memorandum that reiterates the need to increase bond amounts in accordance with existing guidance and instructions and to consult with the appropriate surface managing agency.
2. Review national MOU with Forest Service.

Recommendation #7 - Shut-in Well Review and Data Base. Review the status of all shut-in wells. Develop and maintain a data base.

Actions needed to implement:

1. Issue Instruction Memorandum to the field establishing Bureau policy that all shut-in wells will be reviewed on a scheduled basis, and reiterate that present guidance allows for productivity tests to be conducted by the operator to demonstrate that non-active wells are indeed shut-in and capable of production, as opposed to being temporarily abandoned.
2. Issue Instruction Memorandum requiring the establishment of a data base that indicates the number, location, and status of all wells covered by individual lease bonds. Such data base will then be used by field offices to help determine those situations where it would be appropriate to increase the bond amount in place.
3. Update Manuals and Handbooks to reflect these changes.

Recommendation #8 - Reassess Risk and Bonding Needs Prior to Assignments. Reassess potential liabilities of at-risk assignments since this is the appropriate time to reconsider the amount of risk posed by the particular situation.

Actions needed to implement:

1. Issue Instruction Memorandum to all field offices addressing the need to consider assignments from an operational, as well as the existing adjudicative perspective. It is envisioned that not all assignments would need this. The size and number of existing operations would be the primary screen, although other factors such as especially sensitive environmental concerns would also be considered. In the majority of cases, no delay in the time frame of approving assignments is anticipated.

Recommendation #9 - Alternative Funding Source for Orphan Wells. Request a one time authorization from Congress to establish an orphan well fund. The legislative source for this fund could be a small percentage collection of the royalty receipts that presently go to the Water Reclamation Fund.

Actions needed to implement:

1. Seek congressional support for the use of one time diversion of receipts from the Water Reclamation Fund to establish an orphan well fund.
2. Draft proposed legislation and transmit to Congress.

BONDING AND UNFUNDED LIABILITY TEAM

Recommendation #10 - Tax Deduction for Abandonment Account. Encourage the Secretary to pursue with the Department of the Treasury a revision of tax policy to permit lessees/operators to deduct, as an expense of operation, payments into approved abandonment/reclamation escrow accounts for individual leases. The regulations will be written to require the funds to remain dedicated to reclamation and could be written so as to require such accounts to be transferred with the lease upon assignment.

Actions needed to implement:

1. The Secretary will need to convince the Treasury Department to revise its policies and regulations. Treasury may maintain that a revision of the Tax Code is required.
2. Work with the Interstate Oil and Gas Compact Commission (IOGCC) on this proposal. This might be a project suited to their mission and expertise.

Recommendation #11 - Eliminate Duplicate Bonding. Eliminate or minimize duplicative bonding by state or other federal agencies on BLM and Forest Service lands.

Actions needed to implement:

1. The BLM Director will need to sign letters asking the State Oil and Gas Commissions to sponsor legislation to eliminate state bonding on federal lands.
2. Issue a directive asking State Directors to follow-up on the matter in their respective states.
3. Work with the IOGCC to determine if they would like to get involved in this recommendation.

Recommendation #12 - Review BLM and Forest Service MOU. Review the National Memorandum of Understanding between BLM and the Forest Service to ensure that the present procedures are adequate to satisfy the needs of BLM and the Forest Service.

Actions needed to implement:

1. Review the national MOU and rewrite if necessary.

BONDING AND UNFUNDED LIABILITY TEAM

Recommendation #13 - Establish an Enforcement Record Affirming End-of-Lease Obligations. The Solicitor should ask the Department of Justice to pursue some cases that in themselves may involve relatively small monetary claims, to send a message that oil and gas lessees on public lands are not free to disregard their end-of-lease obligations. Similarly, the Justice Department should establish an expectation in onshore cases, as it has in offshore cases, that the Government will aggressively pursue its interests in bankruptcy proceedings, so that in the future creditors, debtors and trustees will draft reorganization and liquidation plans that meet the needs of the United States.

Actions needed to implement:

1. Request the Solicitor to meet with the Department of Justice.
2. Prepare a letter for Justice that will go to their field offices for the U.S. Attorneys to follow.
3. Identify suitable test case in consultation with the Solicitor.

NEPA/PLANNING TEAM

The NEPA/Planning team review yielded issues in five major categories relative to the oil and gas program:

- Agency Approach to Oil and Gas Management
- Land Management Planning Process
- Ecosystem Management/Interagency Coordination
- Environmental Requirements
- Training, Skill Mix and Staffing

Some of the fundamental issues addressed include:

- The importance and need for a comprehensive, current, interagency resource database to guide resource management decisions on an ecosystem basis
- The value of collaborative, goal-oriented planning that focuses on end-result desired future conditions (e.g., social, economic, ecological, etc.), rather than prescriptive decisions
- The importance of early involvement of stakeholders in decision-making and the value of alternative approaches to conflict resolution
- The need to evaluate the effectiveness of environmental requirements, deal with changing conditions in the field, and provide a feedback loop to future decision-making
- The importance of evaluating the current status of leasing decisions in relation to other environmental values and concerns. Such an evaluation is necessary to reach informed conclusions as to the adequacy of current practices and policies in protecting particularly sensitive areas
- The importance of interagency collaboration and technology transfer
- The need to coordinate with the numerous regional and national initiatives currently underway, including:
  - Other BPR teams
  - DOE's Domestic Natural Gas and Oil Initiative
  - IOGCC Public Lands Project
  - Council on Environmental Quality Cumulative Effects Study
  - U.S. Geological Survey National Assessment

NEPA/PLANNING TEAM POLICY OPTIONS

Establish and Maintain a Common Resource Database. Establish priorities, policies and protocols leading to a coordinated, comprehensive and dynamic resource database supporting resource management decision-making based on ecological systems. These recommendations are designed to avoid repetitive data gathering, subjective decision-making and plan obsolescence.

NEPA/PLANNING TEAM

Actions needed to implement:

1. Re-emphasize the importance of complete, multi-disciplinary, accurate and up-to-date databases to support the preparation, implementation and monitoring of plans and NEPA documents. The BLM Corporate Board, the Executive Leadership Team and resource specialists in the field will all assure the adequacy of the databases used.

2. Develop a computerized ecosystem database accessible by all affected land management agencies. BLM will request that industry provide the surface managing agency with its near term and long term plans. Freedom of Information Act issues must be considered.

3. Consolidate and synthesize existing databases to eliminate the redundancy in conducting inventories and studies. This will concentrate limited funds and personnel in areas where data gaps occur, and increase efficiency in data collection and use.

Southwest Wyoming Resource Evaluation. Test the Performance Review recommendations, under field conditions, using the Southwest Wyoming effort. Evaluation of this test would be an unparalleled opportunity, and will help BLM refine its ecosystem management planning techniques, evaluate the proper use of mitigation measures, develop methods for assessing cumulative impacts, and improve the quality of post-lease monitoring.

Actions needed to implement:

1. Design and implement a cooperative demonstration ecosystem project incorporating the recommendations of the Performance Review.

2. Establish test areas, with close public oversight (especially in sensitive areas), to evaluate the proper use of mitigation measures during exploration and the level of impact on the environment. Such test areas will also be used to evaluate new technology for mitigation and waste reduction and prevention.

3. Incorporate the concept of holistic management and evaluation into the cumulative analysis and reasonable foreseeable development scenarios developed for planning and environmental projects.

4. Increase and improve the quantity and quality of monitoring of post-leasing actions. This will help determine the effectiveness of mitigation measures that are currently being applied. One key element of monitoring will be to ensure feedback from monitoring is used in the development and application of future mitigation. Increase the number of monitoring personnel, improve training in monitoring, and increase management support of staff recommendations made as a result of monitoring.

5. Apply current requirements that call for public participation in the application for waivers, exceptions, and modifications to stipulations. These techniques will be refined and improved after this field test.

Studies and Analyses. Conduct studies and analyses that will improve the onshore minerals program and provide better customer service.

Actions needed to implement:

1. Analyze BLM and Forest Service lands to determine the magnitude of environmental controversy and its relationship to oil and gas potential and sensitive values.
   - Identify all areas that have controversial oil and gas leasing and development activities.
   - Determine what proportion of lease tracts offered and Applications for Permit to Drill (APDs) processed during the past ten years provoked environmental controversies.
   - Determine what proportion of the available public land base contains areas of high environmental concern.
   - Compare acreage of tracts successfully offered without controversy with acreage and tracts that provoked appeals and/or litigation.
   - Compare number of APDs processed and issued with the number of APDs subject to administrative appeals or litigation.

2. Examine the adequacy of the public input process in waiving stipulations, and whether criteria for waivers are provided in the respective RMPs. Investigate the practicability of an open process for public participation in on-the-ground actions (e.g., field examinations for APDs). This will allow an opportunity for public input into on-the-ground layout of projects. If practical, develop implementation guidance for this process.

3. Establish a multi-disciplinary BLM-Forest Service team to consider the following issues as they relate to oil and gas resources:

   - Adequacy of RMPs (or Ecosystem Plans), Forest Plans, and NEPA documents.
   - Length of time to complete plans or NEPA documents.
   - Level of environmental documentation (EA versus EIS).
   - Efficiency and cost.

4. Conduct a joint BLM and Forest Service study of the types of stipulations and conditions of approval used in various situations. This study will assess the real versus apparent purpose, and the effectiveness of stipulations and other environmental requirements. Third-party monitoring could be utilized in this study.

Consistent with federal law, establish a task force made up of other federal agencies, state and local government agencies, environmental groups, and industry to evaluate and recommend improvements to environmental requirements. The task force will assess the effectiveness and justification of environmental requirements and the use of the standard stipulation format. This task force needs to coordinate with DOE's "Domestic Natural Gas and Oil Initiative" and the IOGCC Public Lands Project.

5. Assess how often "No Lease" or No Surface Occupancy (NSO) requirements are used to create buffer zones around parks, wilderness areas, and other sensitive areas. Use that assessment to determine if a policy is needed to address or change current management direction.

6. Review existing interagency Memorandums of Understanding (MOUs) to improve coordination prior to decisions or commitments of resources. Improve coordination with stakeholders by:

   A. Developing new or revising existing MOUs to facilitate collaborative efforts.

   B. Consolidating or co-locating field offices in areas where different agencies have similar management issues.

7. Develop and implement coordinated permit processing, compliance monitoring and enforcement, and data collection both within BLM and across federal and state jurisdictional boundaries.

   A. Develop a comprehensive technology transfer program to implement positive results achieved by the California Lab.

   B. BLM will become an active, collaborative partner in Action Items 6.1, 6.2, 6.3, and 6.4 of DOE's "Domestic Natural Gas and Oil Initiative." Participation in these activities will facilitate BLM streamlining procedures and regulations in collaboration with other agencies and partners.

8. Initiate and maintain a comprehensive technology and information transfer program with an active "outreach component".

   A. Collaborate with DOE and the Independent Petroleum Association of America to utilize their Technology Transfer Centers to function as an "extension service" to enhance environmental compliance.

   B. Establish, in consultation with academia and other agencies, a proactive technology transfer program to disseminate information from Performance Review Laboratories, case studies and demonstration projects, research and development, and other empirical "success stories" in resource management. Possible sources of

assistance include the University of Wyoming Technology Transfer Center and Cornell University Center for the Environment.

9. Establish criteria for prioritizing geographic areas for NEPA/planning decision-making relating to fluid mineral leasing and operations. Base the application of limited resources on such factors as drainage, mineral potential, industry nomination, and environmental factors.

Bureau-wide Policy Review and Guidance. Develop Bureau-wide policies and guidance in the areas of alternative dispute resolution mechanisms, policy and regulatory flexibility for on-the-ground managers, the benefits of ecosystem-based planning, and quality control.

Actions needed to implement:

1. Develop and implement dispute resolution mechanisms, consistent with federal law, through the formation of collaborative work teams, advisory committees, and stakeholder workshops. This approach is outlined in DOE's "Domestic Natural Gas and Oil Initiative" and the Department of Labor's "Negotiated Rulemaking Handbook". Establish partnerships with stakeholders to resolve environmental disputes in concert with the on-going "Domestic Natural Gas and Oil Initiative" and Public Lands Project.

2. Develop a policy that authorizes management flexibility to consider lease deferrals, no-lease decisions, and withdrawal of lands from leasing consistent with ecological conditions and BLM's "Blueprint for the Future" philosophy. The headquarters office, in consultation with the Solicitor, will clarify the relationship between planning decisions, Section 204 of the Federal Land Policy and Management Act (FLPMA), and the Mineral Leasing Act. If it is clearly determined that areas must be considered leasable unless formally withdrawn, BLM will pursue alternatives to provide field managers with the flexibility to defer leasing or not lease in specific areas based on planning decisions.

3. Establish a quality control program with feedback to ensure that decisions are justified by objective NEPA analyses.

4. Establish a screening process to focus BLM's limited resources on areas with a moderate-to-high likelihood of leasing and development.

5. Consistent with FLPMA, ensure that planning documents are goal-oriented to provide for sustainable development and, whenever possible, improve the health of the ecosystem. This will increase the flexibility of the planning process and support site-specific analysis wherever necessary. This approach also enables BLM and Forest Service to focus limited resources on areas of moderate-to-high oil and gas potential.

6. Re-emphasize that the rationale and justification needs to be given for every stipulation attached to a lease.

7. Develop generic Model Plans, based on ecosystems, to help streamline the planning process and make plans more easily reviewed and understood by the public.

8. Adopt a comprehensive policy for the management of federal lands that evaluates use authorizations holistically in the context of their ecological setting. This policy will consider the long-term impact of all activities, recognizing construction, reclamation, operation and maintenance activities over the life of a project.

9. Establish guidelines for the preparation and documentation of Reasonably Foreseeable Development (RFD) scenarios. The guidelines will include the holistic concept outlined in Recommendation 8 above and replace BLM's Supplemental Program Guidance for Fluid Minerals.

10. Emphasize monitoring as a critical part of the plan implementation process. The information gained through monitoring will be used to test the effectiveness of the plan and will facilitate a dynamic planning process, including RFD scenarios.

11. Direct the field offices to review existing ecosystem management guidance, including guidance on less prominent resources such as geology, soils, hydrology, air quality, social and economic resources. Each office will review existing policy for these guidelines, and ensure it is re-emphasized and implemented in the field. Headquarters will ensure that guidance includes incorporating available information on non-federal lands.

12. Pursue a consistent intra- and inter-agency approach to ecosystem management, particularly as it relates to the planning regulations.

13. Develop guidance to expand analysis to include elements not previously considered, including:

    - Plugging and abandonment
    - Flaring and venting
    - Downhole (during drilling)
    - Economics of environmental and operational elements

14. Instruct field offices to ensure that all planning documents spell out specifically where and when stipulations apply. If certain stipulations do not apply to the operational phase of a project, explain when and how those environmental requirements will be developed.

15. The Washington Office Fluids Group, in consultation with the Solicitor, will issue a policy concerning the application of additional stipulations to leases issued prior to FLPMA or to leases that do not contain up-to-date stipulations. This responds to the concerns that existing lease rights need to be protected and pre-FLPMA leases and other leases need to be updated to meet current environmental concerns.

16. The following existing documents continue to provide valid policy emphasis to the field for meeting the goals of the Performance Review:

    A. "Blueprint for the Future" strategic goals on maintaining healthy ecosystems, serving current and future publics, and promoting collaborative leadership.

    B. "Guidelines for Assessing and Documenting Cumulative Impacts" (BLM April 1994). This document will be shared with BLM's external stakeholders as part of outreach efforts.

Training and Staff Efficiency. Improve efficiency and effectiveness through increased cross-training (both interdisciplinary and within the oil and gas program area) and improved interagency training and operational coordination.

Actions needed to implement:

1. Charter the BLM National Training Center as a focal point for interagency training coordination and delivery using an interagency Board of Regents to establish priorities and provide overall guidance.

    A. Establish a basic level of awareness training for non-mineral resource personnel to provide a fundamental understanding of processes and operational aspects of the oil and gas program. Develop an "outreach" component of this training for non-Bureau personnel, interested publics, and interest groups.

    B. Develop a training action plan that recognizes the importance of making all disciplines aware of oil and gas program processes and technology. Increased awareness and versatility among specialists will provide more flexibility to effectively utilize limited resources.

    C. Establish a comprehensive, government-wide fluid mineral training program to include tribal, state, and federal personnel in cooperation with industry. Potential examples are Pipeline Systems Short Course, Forest Service Oil and Gas Specialist Certification Program, and BLM Inspector Certification Program.

D. Include management/leadership training as an important component of the core curriculum to emphasize the need for management/staff interaction in on-the-ground program management. Without interactive managerial support, this recommendation's value will be significantly compromised.

2. Increase emphasis on end-result regulation and implement an approach to fluid mineral and related realty use authorizations that is based on detailed project plans of development rather than conditions of approval. A case study example of the success of this recommendation is the Exxon LaBarge Project Quality Assurance/Quality Control (QA/QC) program in Southwest Wyoming.

3. Provide on-the-job training in field monitoring and compliance management to interdisciplinary and planning team personnel, as well as others involved in planning, leasing and permitting. This will increase awareness of the operational implications of project plans, lease stipulations and conditions of approval.

4. Develop and implement a BLM-Forest Service program on training and mentoring patterned after EPA's Senior Environmental Employee program.

5. Continue emphasis on aggressively placing all oversight personnel into field positions where oversight and quality control are performed on-the-ground rather than from afar. Eliminate review levels and replace with on-the-ground "review by doing" to achieve quality control.

   Revise grade structure to recognize the need for senior expertise on the "front line" where actual operations are taking place. Higher graded field level positions will facilitate the assignment of experienced specialists to field offices where they can act to ensure top quality program operations and management, remain current on activities, technology and trends, and provide operational input to policy development and revision. Focus initial implementation of this recommendation in areas with high levels of current and anticipated activity (e.g., Four Corners, Southwest Wyoming, Southern California).

6. Allocate resources to support strategic planning and trend analysis to anticipate industry fluctuations on local, regional and national levels. This can be accomplished in collaboration with other agencies such as DOE and the Forest Service, and with industry.

OUTREACH AND INTERAGENCY COORDINATION

The California Oil and Gas Outreach/Interagency Coordination Process Review Team was initiated to investigate and determine streamlining potential for oil and gas operations as well as to identify areas of regulatory redundancy (duplicative and contradicting regulations) within the Bureau.

Under the team Charter, the California PRT committed to the following:

- Review the function/benefits of the California Oil and Gas Work Group (Technical Issue Resolution Team)
- Review all on-the-ground regulations and policies and identify those regulations that are redundant or obsolete. Then, recommend steps to improve such regulations.
- Conduct workflow/workload analysis to determine the degree of regulatory duplication between state and federal agencies in relation to oil and gas operations.

OUTREACH/INTERAGENCY COORDINATION TEAM POLICY OPTIONS

Establish Technical Issue Resolution Teams. Establish technical issue resolution teams at each Bureau Office with oil and gas responsibilities. The structure of the teams could parallel California's existing Oil and Gas Work Group Model, or it could be modified depending on local conditions.

Actions needed to implement:

1. Issue Instruction Memorandum to field offices providing details of the Technical Issue Resolution Team concept and the California model so that it can be adapted for use by each office.

Reduce or Eliminate Unnecessary Costs to Operators. Identify policies/regulations that impose unnecessary costs to the operators and can be resolved by reinterpretation, waiver, or a variance without compromising the intent of the regulations. Solicit input from the local oil and gas trade associations.

Actions needed to implement:

1. Issue Instruction Memorandum to field offices establishing a program to identify policies and regulations that impart unnecessary costs on the industry.
2. Establish a procedure to evaluate these and make changes as appropriate.

OUTREACH AND INTERAGENCY COORDINATION

Streamline Oil and Gas Operations. Transfer jurisdiction from BLM to the various states for oil and gas operations activities in specific circumstances.

Actions needed to implement:

1. Approve and adopt the California proposed mechanism as a standard operating tool to eliminate duplicative regulations and streamline oil and gas operations on federal leases.
2. Coordinate with the states and enter into an MOU to eliminate duplication by having the states take over inspection and enforcement (I&E) responsibilities on low volume producing leases.

Perform Workflow Analysis. Perform workflow analyses on a Bureau-wide basis to reveal duplication and unnecessary regulations among other federal and state agencies. Work closely with these agencies to take remedial actions, as appropriate.

Actions needed to implement:

1. Each state will prepare a chart of all federal, state, and local agencies involved in oil and gas operations on federal lands.
2. Coordinate with each agency to determine the extent of their involvement.
3. Prepare a comprehensive study of each agency's roles and responsibilities, and determine where duplication or overlapping authority exists which will be streamlined or eliminated. Utilize the California study as a template for this analysis.

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